

# ELLIS:LAWHORNE

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April 17, 2006

## **FILED ELECTRONICALLY AND VIA HAND-DELIVERY**

The Honorable Charles L.A. Terreni  
Chief Clerk

**SC Public Service Commission**

P.O. Drawer 11649  
Columbia, SC 29211

RE: Application of IPC Network Services, Inc. for a Certificate of Public Convenience and Necessity to Provide Resold Local Exchange and Resold Long Distance Telecommunications Services and for Flexible Regulation of Its Local Exchange Services and Alternative Regulation of its Long Distance Offerings  
**Docket No. 2006-55-C, Our File No. 1158-11360**

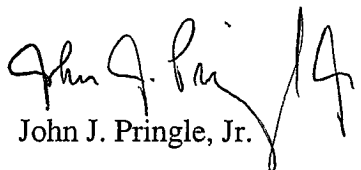
Dear Mr. Terreni:

Enclosed for refiling is the original and one (1) copy of the **Direct Testimony of Marianne Leitch** on behalf of IPC Network Services, Inc. in the above-referenced docket. This testimony was originally mailed to the Commission on April 10, 2006.

Please acknowledge your receipt of this document by file-stamping the copy of this letter enclosed, and returning with the bearer of these documents.

If you have any questions or need additional information, please do not hesitate to contact me.

Very truly yours,

  
John J. Pringle, Jr.

JJP/cr

cc: Shannon Hudson, Esquire [via first-class mail service]  
Thomas Lynch, Esquire [via first-class mail service]  
Enclosures

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**BEFORE THE  
PUBLIC SERVICE COMMISSION OF  
SOUTH CAROLINA**

**DOCKET NO. 2006-55-C**

In the Matter of the Application of )

**IPC Network Services, Inc.** )

for a Certificate of Public Convenience and Necessary to Provide ) **DIRECT TESTIMONY**  
Resold Interexchange and Local Exchange Communications ) **OF**  
Services, and for Modified Alternative Regulation for Certain ) **MARIANNE LEITCH**  
Interexchange Services First Approved in Docket No. 95-661-C )  
and as Modified in Docket No. 2000-407-C, and for Flexible Rate )  
Structure for Local Exchange Service Offerings First Approved in )  
Docket No. 97-467-C )

1   **Q:     PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

2   A:     My name is Marianne Leitch and my business address is 1 State Street Plaza, New York,  
3           New York 10005.

4   **Q:     BY WHOM ARE YOU EMPLOYED AND IN WHAT CAPACITY?**

5   A:     I am the Senior Vice President of Network Services of IPC Network Services, Inc.  
6           ("IPC").

7   **Q:     IS THE ADDRESS OF THE COMPANY THE SAME AS THAT WHICH YOU**  
8           **HAVE JUST SUPPLIED?**

9   A:     Yes it is.

10  **Q:     PLEASE DESCRIBE YOUR DUTIES FOR THE COMPANY.**

11  A:     I am responsible for setting the direction for our network business, as well as managing  
12          network architecture and design, service delivery, service performance and customer

1 support. I am responsible for IPC's network operations worldwide, including network  
2 engineering, service implementation, proactive surveillance and maintenance and  
3 customer service management. Prior to this assignment, I was VP in Service  
4 Development, responsible for new service development and marketing.

5 **Q: COULD YOU PROVIDE A BRIEF BACKGROUND OF YOUR EDUCATION**  
6 **AND EXPERIENCE?**

7 A. I attended Kean College in New Jersey and the School of Visual Arts in New York and  
8 concentrated my studies in the fine arts. Prior to joining IPC in 2000, I spent 20 years  
9 with Timeplex, a network equipment company servicing the financial community, having  
10 held managerial positions in marketing, business development, sales support and finance.  
11 I have also held senior management positions with IXnet and Global Crossing, where I  
12 was responsible for service development of specialized financial voice and data services,  
13 pricing and marketing of all Global Crossing Services to the financial markets.

14 **Q. WHAT IS THE PURPOSE OF YOUR TESTIMONY?**

15 A. The purpose of my testimony is to present evidence describing the technical, managerial  
16 and financial fitness of IPC to provide telecommunications services in South Carolina.  
17 This testimony will also describe the services proposed by IPC and the proposed tariff  
18 structure. Finally, the purpose of my testimony is to show that the public interest will be  
19 served by approval of the application of IPC for a certificate of public convenience and  
20 necessity.

21 **Q: ARE YOU FAMILIAR WITH THE APPLICATION OF YOUR COMPANY**  
22 **SUBMITTED TO THIS COMMISSION AND ALL EXHIBITS ATTACHED**

1       **THERE TO?**

2    A:     Yes.

3    **Q:     DO YOU RATIFY AND CONFIRM THE STATEMENTS AND**  
4       **REPRESENTATIONS MADE IN THAT APPLICATION AND ALL EXHIBITS**  
5       **ATTACHED THERE TO?**

6    A:     Yes.

7    **Q:     DO YOU WISH TO INCORPORATE BY REFERENCE ANY DOCUMENTS INTO**  
8       **THIS TESTIMONY?**

9    A:     Yes. I wish to incorporate by reference the underlying Application filed in this proceeding  
10       and its associated exhibits.

11   **Q.     HAS IPC REGISTERED TO DO BUSINESS IN SOUTH CAROLINA?**

12   A.     Yes. IPC received foreign corporation authority on December 2, 2005. A copy of the  
13       Certificate of Authorization was attached to the Application as Exhibit "A".

14   **Q:     PLEASE DESCRIBE THE SERVICES THAT THE COMPANY INTENDS TO**  
15       **PROVIDE WITHIN THE STATE OF SOUTH CAROLINA.**

16   A:     The company seeks authority to operate as a reseller of point-to-point private line services  
17       throughout the state. The private line services are not interconnected to the public switched  
18       telephone network at this time. Some private lines may be entirely within an exchange of an  
19       incumbent local exchange carrier, or may be interexchange services. The company will be  
20       primarily targeting business customers. IPC has not installed, nor does it intend to install any  
21       transmission facilities or plant in the State of South Carolina. The Company's services are

1 available twenty-four (24) hours per day, seven (7) days a week. Intrastate service is  
2 offered in conjunction with interstate service.

3 **Q: DOES THE COMPANY INTEND TO OFFER EMERGENCY SERVICES (911),**  
4 **DIRECTORY ASSISTANCE OR OTHER ANCILLARY SERVICES?**

5 A: No it does not. Because the private line services offered by IPC are not interconnected to the  
6 public switched telephone network, the IPC does not provide access to these services.

7 **Q: WHICH CARRIER WILL SERVE AS THE COMPANY'S UNDERLYING**  
8 **CARRIER?**

9 A: The Company's underlying carrier for private line services will be BellSouth  
10 Telecommunications and Verizon/MCI.

11 **Q: WHAT SERVICES DO THE UNDERLYING CARRIERS PROVIDE TO THE**  
12 **COMPANY?**

13 A: The underlying carriers provide all of the facilities over which the Company's private line  
14 services are carried.

15 **Q: HOW IS THE RESALE OF SERVICES EFFECTED?**

16 A: The Company purchases service at a discount from the underlying carrier(s) and then resells  
17 the private line service under its own brand name to the public.

18 **Q. DOES IPC OWN ANY NETWORK SWITCHES OR TRANSMISSION**  
19 **FACILITIES USED IN ROUTING CALLS?**

20 A: No. IPC does not intend to deploy any facilities for provision of service.

21 **Q. HOW WILL IPC BILL FOR ITS SERVICES?**

22 A: The company will bill its customers directly on a monthly basis.

1   **Q.    HOW ARE TROUBLE REPORTS HANDLED?**

2   A.    IPC utilizes a nationwide toll-free number, for customer service. Customers may call 1-888-  
3       286-2343 8:30 A.M. TO 5:30 P.M. Monday through Friday, or contact Customer Service via  
4       e-mail address donna.dubreuil@ipc.com twenty-four (24) hours a day seven (7) days a week.  
5       The toll-free number will be printed on customer billing statements.

6   **Q.    HOW ARE BILLING ERRORS AND COMPLAINTS HANDLED?**

7   A.    The Customer Service Department is open during normal business hours (8:30 am to 5:30  
8       pm, Monday through Friday). Customer service representatives are prepared to respond to a  
9       broad range of service matters, including 1) the types of services offered, and the rates  
10      associated with such services; 2) monthly billing statements; 3) problems or concerns  
11      pertaining to a customer's current service, and 4) general telecommunications matters.

12  **Q:    HOW LONG HAS THE COMPANY BEEN IN BUSINESS?**

13  A:    IPC is a private corporation that was incorporated in the State of New York on August 22,  
14       2001. The Articles of Incorporation were attached to the Application as part of Exhibit A.

15  **Q:    DOES THE COMPANY HAVE OFFICES IN SOUTH CAROLINA?**

16  A:    No. The company does not intend to have offices in South Carolina. Accordingly, the  
17       company requests, pursuant to Commission Rule 103-610, that the Commission authorize the  
18       company to keep its books and records at its offices in New York. Upon request, the  
19       company will provide such books and records to the Commission or the Office of Regulatory  
20       Staff on an expedited basis and at the company's expense.

21  **Q:    ARE YOU FAMILIAR WITH THE TARIFF SUBMITTED AS AN EXHIBIT TO**  
22  **THE APPLICATION?**

1     A:     Yes.

2     **Q:     WAS THE TARIFF PREPARED BY YOU OR UNDER YOUR SUPERVISION?**

3     A:     Yes. It was prepared under my supervision.

4     **Q:     WILL THE COMPANY PROVIDE ANY EQUIPMENT OR FACILITIES IN**  
5     **CONNECTION WITH ITS SERVICES?**

6     A:     No, the Company does not intend to own, operate, control or manage any  
7     telecommunications transmission facilities within the State of South Carolina, and does not  
8     intend to obtain or construct any such facilities or equipment at this time. However, the  
9     Company reserves the right to install its own facilities if and when business conditions  
10    warrant, and upon prior approval of the Commission.

11    **Q.     DESCRIBE THE PROPOSED SOUTH CAROLINA TARIFFS.**

12    A.     IPC has included a proposed interexchange and local exchange tariff, which contain the  
13    rules, regulations and rates for IPC's services. IPC proposes to offer resold private line  
14    service to business customers. I believe that IPC's tariff will comport with all Orders,  
15    Rules and Regulations of the Commission, and IPC will make all changes suggested by  
16    the Commission necessary to comply with all such applicable authority. Should the  
17    Application be granted, IPC plans to commence offering service immediately.

18    **Q.     WHAT REGULATORY TREATMENT IS IPC SEEKING IN THIS**  
19    **APPLICATION?**

20    A.     IPC requests that the Commission allow it to employ a flexible local exchange rate  
21    structure first authorized by Order No. 98-165 in Docket No. 97-467-C. Specifically, IPC  
22    requests that the Commission: a) adopt for local exchange services a competitive rate

1 structure incorporating maximum rate levels with the flexibility for rate adjustment below  
2 the maximum rate levels; and b) presume that IPC's tariff filings for local exchange  
3 services be valid upon filing, subject to the Commission's authority, within thirty (30)  
4 days, to institute an investigation of such filings. At the discretion of the Commission  
5 such filings may be suspended pending further order of the Commission and any such  
6 filings may be subject to the same monitoring process as the Commission applies to  
7 other, similarly situated carriers.

8 Further, Applicant requests that all of its business service offerings be regulated  
9 pursuant to the procedures described and set out in Commission Order Nos. 95-1734 and  
10 96-55 in Docket No. 95-661-C, as modified by Commission Order No. 2001-997 in  
11 Docket No. 2000-407-C. It is Applicant's intent by this request to have its business  
12 services regulated in the same manner as this Commission has permitted for AT&T  
13 Communications of the Southern States, Inc. ("AT&T"). Specifically, Applicant requests  
14 that the Commission: (a) remove the maximum rate tariff requirements for its business  
15 services, consumer card, operator service (excepting those operator-assisted calls where a  
16 consumer uses a local exchange carrier's calling card to complete calls from locations  
17 which have not selected the local exchange carrier as their toll provider. Operator  
18 surcharges and per-minute rates for this type of call were capped by Commission Order  
19 No. 2001-997, dated November 8, 2001.), private line, and customer network-type  
20 offerings; b) presume that the tariff filings for these uncapped services be valid upon  
21 filing. However, if the Commission institutes an investigation of a particular filing within  
22 seven (7) days, the tariff filing would be suspended until further order of the Commission;



1 and c) grant Applicant the same treatment as AT&T in connection with any future  
2 relaxation of the Commission's reporting requirements.

3 **Q: WHERE DOES THE COMPANY ANTICIPATE OFFERING ITS SERVICES IN**  
4 **SOUTH CAROLINA?**

5 A: The Company intends to offer interexchange services on a statewide basis. Local exchange  
6 service will be limited to the service territory of BellSouth.

7 **Q: HOW WILL THE COMPANY MARKET ITS SERVICES?**

8 A: The Company will market its services by using independent agents and/or in-house sales  
9 representatives.

10 **Q: IS THE COMPANY CERTIFIED OR OTHERWISE AUTHORIZED TO PROVIDE**  
11 **RESALE SERVICES OF THE TYPE DESCRIBED HEREIN IN ANY OTHER**  
12 **STATES?**

13 A: IPC is currently certified in California, Connecticut, Delaware, Illinois, Indiana,  
14 Massachusetts, Maryland, Michigan, Missouri, Montana, North Carolina, New Mexico, New  
15 York, Ohio, Oregon, Pennsylvania, and Texas.

16 **Q: IN WHAT OTHER STATES WILL THE COMPANY SEEK WHATEVER**  
17 **APPROVALS ARE NECESSARY?**

18 A: Applications are pending in Arizona, Nevada, Oklahoma, South Carolina and Virginia. The  
19 type services provided by IPC are not regulated by any regulatory commissions in Colorado,  
20 New Jersey, and Washington DC, and thus, approvals were not required in these states.

21 **Q: IN YOUR OPINION, WHY ARE THE COMPANY'S SERVICES IN THE PUBLIC**  
22 **INTEREST?**

1 A: Allowing IPC to provide services within the State of South Carolina promotes competition  
2 within the telecommunications industry, which has been shown to result in the offering of  
3 higher quality services at lower prices. Applicant's entry into the local market will not  
4 disadvantage any telephone service providers. Incumbent LECs are presently serving nearly  
5 all of the local exchange customers in South Carolina. The history of telecommunications  
6 competition has demonstrated that as new entrants improved price performance of service,  
7 consumers benefited from a wider choice of service and options. The resulting reduced rates  
8 that competitive pressures brought to the market stimulated demand, resulting in growing  
9 revenues for both new entrants and established firms. IPC expects that this same phenomena  
10 will affect local service over time, thus creating a larger market for all carriers. Therefore,  
11 the approval of IPC's application is clearly in the public interest.

12 **Q: IS THE COMPANY WILLING AND ABLE TO CONFORM TO THE**  
13 **CONSTITUTION AND LAWS OF THE STATE OF SOUTH CAROLINA AND TO**  
14 **THE RULES AND REGULATIONS OF THE COMMISSION, UNLESS**  
15 **APPLICATION OF SUCH RULES OR REGULATIONS IS SPECIFICALLY**  
16 **WAIVED BY THE COMMISSION?**

17 A: Yes.

18 **Q: WILL THE COMPANY FILE ALL APPLICABLE REPORTS AS REQUIRED BY**  
19 **THE COMMISSION?**

20 A: Yes. IPC is aware of the Commission's requirements that all telecommunications carriers  
21 file a report on South Carolina operations, a gross receipts report, and a universal service  
22 contribution report on an annual basis.

1    **Q.    DESCRIBE IPC’S FINANCIAL ABILITY TO OPERATE AS A**  
2       **TELECOMMUNICATIONS RESELLER.**

3    A.    IPC has sufficient financial resources to operate in South Carolina. In support of the  
4       Company’s financial ability to provide the proposed services, the financial statements  
5       were included in the Application as Exhibit C under seal. IPC filed a Motion for  
6       Confidential Treatment of Financial Statements on February 23, 2006, requesting that the  
7       financial statements be kept confidential and retained under seal. The Office of  
8       Regulatory Staff originally opposed the request, but no longer opposes this request and  
9       filed a letter with the Commission on March 3, 2006 stating same. The Commission  
10      issued Order No. 2006-165 on March 16, 2006 granting the Motion for Confidential  
11      Treatment of the financial statements.

12   **Q:    DOES THE APPLICANT POSSESS THE MANAGERIAL AND TECHNICAL**  
13       **QUALIFICATIONS, EXPERIENCE AND PERSONNEL TO PROVIDE THE**  
14       **PROPOSED PUBLIC TELECOMMUNICATIONS SERVICES?**

15   A:    Yes. IPC has a team of experienced managers, as evidenced by the Management Profiles  
16       submitted as Exhibit D to the original application. In addition, IPC’s technical capability  
17       will be equivalent to that of its underlying carriers which maintain the infrastructure.

18   **Q:    IS IT ECONOMICALLY FEASIBLE FOR APPLICANT TO PROVIDE THE**  
19       **SERVICE PROPOSED IN SOUTH CAROLINA SUCCESSFULLY AND**  
20       **CONTINUOUSLY?**

21   A:    Yes.

22   **Q:    DOES THIS COMPLETE YOUR TESTIMONY IN SUPPORT OF YOUR**

1        **APPLICATION?**

2    A:    Yes.

3    Q:    **WILL YOU REMAIN AVAILABLE TO RESPOND TO ADDITIONAL**  
4        **QUESTIONS FROM THE COMMISSION OR THE OFFICE OF REGULATORY**  
5        **STAFF REGARDING YOUR APPLICATION IF NECESSARY?**

6    A:    Yes.